

Budget Committee Meeting Summary
Wednesday, March 14, 2007
4:05 p.m.
Third Floor, City Hall

Present: **Chair: CW Flood**

Members: **Vice-Chair: CM Heiner, CM Benson, CM Downard, CM Kramer**
 CM Fleming, CM King, CW Woolridge & CM Johnson

Absent: **CW Shanklin, (excused absence) & CM Unseld (excused absence)**

Also Present: **President Blackwell**

Special Items For Discussion: **PRESIDENT BLACKWELL – UPDATE ON THE ARENA.**

Chairman Flood began the meeting by announcing the members of the committee that were present. A Quorum was established.

Chairman Flood stated she would be taking the items out of order due to the County Attorney having to leave early.

O-31-02-07 (S) AN ORDINANCE RE-ENACTING CHAPTER 38.01, 38.02 38.09, AND 38.98 OF THE LOUISVILLE METRO CODE OF ORDINANCES. (Tabled).

CM King made a motion to untable this item. CW Woolridge seconded the motion. By unanimous vote, this item was untabled.

Discussion: John Schardein with the Jefferson County Attorney's Office addressed this item. The following was discussed: ([attachment](#))

- 38.09 –Section A – Line 4 deleted former boundaries of the City of Louisville
- Insert Louisville Metro

Motion to Amend Section A, Line 4 made by CM King and seconded by CW Woolridge

- 38.09 – Section B – Line 2 delete former boundaries of the City of Louisville
- Insert Louisville Metro

Motion to Amend Section B, Line 2 made by CM Downard and seconded by CM Johnson.

By unanimous vote, this item was sent to **Old Business.**

O-59-03-07 AN ORDINANCE AUTHORIZING THE ISSUANCE OF \$31,000,000 PRINCIPAL AMOUNT OF "LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, KENTUCKY, ENVIRONMENTAL FACILITIES REVENUE REFUNDING BONDS, 2007 SERIES A (LOUISVILLE GAS AND ELECTRIC COMPANY PROJECT)"; AUTHORIZING THE LOAN OF THE PROCEEDS OF SAID BONDS TO LOUISVILLE GAS AND ELECTRIC COMPANY, A KENTUCKY CORPORATION, FOR THE REDEMPTION, PAYMENT AND DISCHARGE OF CERTAIN OUTSTANDING BONDS OF THE COUNTY OF JEFFERSON, KENTUCKY HERETOFORE ISSUED UNDER DATE OF SEPTEMBER 17, 1992; AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BETWEEN THE LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT, KENTUCKY, AND LOUISVILLE GAS AND ELECTRIC COMPANY; AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST SECURING SAID BONDS; CONFIRMING AND APPROVING THE SALE OF SAID BONDS TO THE PURCHASERS THEREOF; AUTHORIZING THE EXECUTION OF A BOND PURCHASE AGREEMENT AND AN INDUCEMENT LETTER; APPROVING AN OFFICIAL STATEMENT IN RESPECT OF SAID BONDS AND TAKING OTHER RELATED ACTIONS.

CM Johnson made a motion to approve this item. CW Woolridge seconded the motion

Discussion: James Curry, Assistant County Attorney, and Spencer Harper, Stoll Keenon Ogden PLLC, spoke to the two items. Ordinance, O-59-03-07 and Ordinance O-60-03-07. The following was discussed:

- 1992 Jefferson County issued the Bonds for \$31,000,000
- \$35,200,000 was issued in 1993 for the Mill Creek and Cane Run Road Generating Stations
- The refunding of the two bonds will bring about a savings
- Both Ordinances have been reviewed and found in acceptable as to form and legality
- Deutsche Bank Trust Company America is the Trustee
- Eon Corporation, and Deutsche Bank are closely related
 - ✓ Eon is a large corporation in Germany
 - ✓ Largest Public Utility in Europe
- The Bonds will be insured by AmBack Insurance Company
 - ✓ The Bonds will be rated AAA by all the rating services
 - ✓ The Bonds are obligations of the Louisville Gas & Electric Company which has high credit ratings on its own
 - ✓ Daniel Arbough was not present to give the analysis of the savings that would be created by the transactions of the Bonds
 - ✓ Transactions for the Bonds estimated \$300,000 to \$400,000
 - ✓ The Operational, Administrative and Interest cost savings will be taken into account by the Public Service Commission

CM Downard stated he was disappointed that the loan was moved from a local bank to Deutsche Bank and the Trustee was moved from a local bank to Deutsche Bank. He stated it was good for them to have their relationships but Deutsche Bank has relationships with the local banks. He hopes in the future this question would not have to be asked again.

O-60-03-07 AN ORDINANCE AUTHORIZING THE ISSUANCE OF \$35,200,000 PRINCIPAL AMOUNT OF "LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, KENTUCKY, ENVIRONMENTAL FACILITIES REVENUE REFUNDING BONDS, 2007 SERIES B (LOUISVILLE GAS AND ELECTRIC COMPANY PROJECT)"; AUTHORIZING THE LOAN OF THE PROCEEDS OF SAID BONDS TO LOUISVILLE GAS AND ELECTRIC COMPANY, A KENTUCKY CORPORATION, FOR THE REDEMPTION, PAYMENT AND DISCHARGE OF CERTAIN OUTSTANDING BONDS OF THE COUNTY OF JEFFERSON, KENTUCKY HERETOFORE ISSUED UNDER DATE OF AUGUST 31, 1993; AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BETWEEN THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, KENTUCKY, AND LOUISVILLE GAS AND ELECTRIC COMPANY; AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST SECURING SAID BONDS; CONFIRMING AND APPROVING THE SALE OF SAID BONDS TO THE PURCHASERS THEREOF; AUTHORIZING THE EXECUTION OF A BOND PURCHASE AGREEMENT AND AN INDUCEMENT LETTER; APPROVING AN OFFICIAL STATEMENT IN RESPECT OF SAID BONDS AND TAKING OTHER RELATED ACTIONS.

CW Woolridge made a motion to approve this item. CM King seconded the motion.

By unanimous vote, the two above items were sent to the **Consent Calendar**.

Discussion: President Blackwell, Louisville Metro Council, addressed this item. The following was discussed:

- Update on the Arena Project
 - ✓ Goldman Sachs is the underwriter – the use of accelerated bond agreement allow the authority to hopefully save \$116 Million dollars in total cost
 - ✓ HOK Sport a firm selected to design the Arena – signed for \$13.8 Million dollars which is about 6% of the construction cost
 - ✓ HOK Sport, M. A. Mortenson and PC Sport worked together on the Sprint Center in Kansas City
 - ✓ HOK Sport, M.A. Mortenson and PC Sport work as a team on the Arena Project
 - ✓ The Arena Project will be using several local businesses – Louis & Henry Group, Rangaswamy & Associates and Swope Design Group, they are committed to the hiring goals that was established
 - ✓ M.A. Mortenson was hired at a fix fee of \$7 Million dollars – about 2.8% total cost of the Arena
 - ✓ The Arena authority will have the ability to review cost as it comes up, prior to the work being awarded

- ✓ M.A. Mortenson has a reputation of being on time and under budgeted
- ✓ M.A. Mortenson has raised their goal an extra 10% for Women and Minority hiring
- ✓ Chairman Host has worked very hard to keep the cost down for the Arena
- ✓ M. A. Mortenson is going to be the developer for the Museum Plaza
- ✓ Flood walls will be placed in such a way that it won't look like your average Flood wall

The following three items were discussed. Due to the absent of Jane Driskell they remain Held in Committee.

O-61-03-07 AN ORDINANCE APPROPRIATING \$1,625,000 FROM THE GENERAL FUND THROUGH THE CAPITAL CUMULATIVE RESERVE FUND AND \$1,000,000 FROM THE GENERAL FUND TO THE CITY EQUIPMENT REPLACEMENT FUND AND \$500,000 IN AGENCY RECEIPTS FOR MID-YEAR CAPITAL NEEDS BY AMENDING ORDINANCE NO. 112, SERIES 2006, RELATING TO THE 2006-2007 CAPITAL BUDGET FOR THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT

This item was **Held** in committee.

O-62-03-07 AN ORDINANCE APPROPRIATING \$7,139,700 FROM THE GENERAL FUND FOR MID-YEAR OPERATING NEEDS BY AMENDING ORDINANCE NO. 111, SERIES 2006, RELATING TO THE 2006-2007 OPERATING BUDGET FOR THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT.

This item was **Held** in committee.

O-33-02-07 AN ORDINANCE TO CREATE NEW SECTIONS OF CHAPTER 37 OF THE LOUISVILLE/JEFFERSON COUNTY METRO CODE OF ORDINANCES ("LMCO") TO DEVELOP A REPORT THAT IDENTIFIES METRO GOVERNMENT'S FUNCTIONS, SERVICES OR ACTIVITIES AND THEIR ASSOCIATED COSTS

This item was **Held** in committee.

***NOTE: Items sent to the Consent Calendar or Old Business will be heard before the full Council at the March 22, 2007 Metro Council Meeting.**

The meeting adjourned at 5:05 p.m. without objection.

MEM